

IN THE INCOME TAX APPELLATE TRIBUNAL BENCH-RANCHI
VIRTUAL HEARING AT KOLKATA

**Before Shri Sonjoy Sarma, Judicial Member
and Shri Ratnesh Nandan Sahay, Accountant Member**

I.T.A. No.18/Ran/2024
Assessment Year: 2018-19

Gauri Shankar Saboo.....Appellant
Poddar Bagan, Harmu Road,
Jharkhand-834001.
[PAN: ADAPS2140Q]

vs.

ACIT, Central Circle-1, Ranchi.....Respondent

Appearances by:

Shri Devesh Poddar and R. R. Mittal, AR, appeared on behalf of the appellant.
Shri Khubchand T. Pandya, Sr. DR, appeared on behalf of the Respondent.

Date of concluding the hearing : June 26, 2025
Date of pronouncing the order : July 07, 2025

ORDER

Per Sonjoy Sarma, Judicial Member:

The present appeal has been preferred by the assessee against an order dated 20.01.2024 of the National Faceless Appeal Centre [hereinafter referred to as 'CIT(A)'] passed u/s 250 of the Income Tax Act (hereinafter referred to as the 'Act').

2. Brief facts of the case are that the assessee filed its return of income for A.Y 2018-19 by declaring total income of Rs.69,06,220/- and the return was processed u/s 143(1) of the Act. In the case of the assessee, there was survey/s 133A was conducted on 30.01.2018 and the assessment was reopened u/s 148 of the Act on the issue of difference of stock found during the search of 63,71,988/-. During the search, the assessee offered Rs.50,00,000/- which was later revised to Rs.58,16,500/- and the same was duly reflected in the P&L A/c. However, the Assessing Officer noted that the disclosure vis-à-vis a

significant difference computed during the survey and accordingly treated the same as unexplained investment u/s 69A of the Act.

3. Dissatisfied with the above order, the assessee preferred an appeal before the ld. CIT(A) where the ld. CIT(A) upheld the addition by observing that the survey revealed accepted the stock of the assessee and the difference of Rs.5,55,488/- was not explained and upheld the order of the Assessing Officer.

4. Aggrieved by the said order, the assessee filed the present appeal before this Tribunal raising various grounds. At the time of hearing, the ld. AR contended that the stock found at the shop was valued at cost price and the stock at the cold storage had taken at estimated rate which was almost double the cost. He further contended that the alleged excess stock was not separately or independently found which is the part of regular business stock and were almost disclosed stock. Therefore, it was not the case of unexplained investment u/s 69A of the Act as no unexplained undisclosed asset was found. The ld. AR stressed on the fact that two provisions cannot be taken on fact of one income is accepted as business income or another tax is unexplained investment.

5. On the other hand, the ld. DR supported the order of the ld. CIT(A) and contended that the assessee has accepted the discrepancy at the time of survey and made partial disclosure.

6. We, after hearing of both the parties and perusing the materials available on record, find that it is evident from the record that valuation of stock was done at the estimated rate whereas stock of the shop was taken as actual cost. The assessee had also submitted detailed item-wise calculation during the assessment proceedings showing that rate applicable by survey team was arbitrary leading to the condition of addition. This income has been duly reflected in P&L A/c and accepted in

the returned income filed by the assessee. Once income has been accepted and admitted as business income taxing the same u/s 69A is impermissible in law. In the present case, the excess stock was part of disclosed business activity and income has already voluntarily disclosed, therefore, principle of consistency must be followed and the assessee has also brought on record that the excess stock was nothing but an artificial value of stock taken by the survey team operation at the time of survey in the premises of the assessee, therefore, the excess stock was found. If it is taken as cost price of the stock, there would be no difference as determined by Assessing Officer. Considering the above discussion, we find that the alleged addition is not properly made and accordingly, the addition of Rs.5,55,488/- u/s 69A of the Act is hereby deleted.

7. In the result, the appeal of the assessee is allowed.

Kolkata, the 7th July, 2025.

Sd/-
[Ratnesh Nandan Sahay]
Accountant Member

Sd/-
[Sonjoy Sarma]
Judicial Member

Dated: 07.07.2025.

RS

Copy of the order forwarded to:

1. Appellant
2. Respondent
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar, Kolkata Benches